



2005 Department of State Report to Employees

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Introduction

Compared to four years ago, the Department of State is measurably better in many ways in both its management and its programs. Among the key areas of improvement are: workforce planning; recruitment and retention of employees; the governance review of IT projects; systems security; financial performance so that we know where every dollar comes from and where every dollar goes in a timely and accurate manner; use of our financial data in decision-making, monitoring the performance of our programs; strategic planning and budgeting; the processing of refugee admissions to the United States; and capital security construction program.

Last year, the first Department report to employees emphasized our results on the management priorities set by Department leadership in 2001: people, security, technology, facilities, and management reform. For example, between 2001 and 2004, State added more than 2,000 employees beyond attrition (half of them in the security and consular areas), boosted training by 40%, brought Internet access to every desktop in the Department, greatly accelerated the construction of secure, functional embassies, implemented the collection of biometrics for visas issued at all 207 visa-adjudicating posts, and substantially strengthened the security of its people, buildings, and information. In discussing these management accomplishments, last year's report also presented the Department's achievements on the five Government-wide initiatives of the President's Management Agenda (PMA): human capital; Electronic-Government; competitive sourcing; financial performance; and budget and performance integration. In addition, it highlighted our accomplishments as the principal implementing partner of the PMA initiative on a Right-sized Overseas Presence. This year the PMA, including the Federal Real Property Asset Management initiative launched in 2004, is the central focus of our report.

In mid-2001, when the PMA was initiated, the Department of State started with five reds for status and five reds for progress. As of August last year, when the first report to employees was issued, the Department of State had reached green for status on one of the five initiatives (human capital), was at yellow on three others, and at red for status on competitive sourcing. However, indicative of our steady movement forward on the PMA, we had achieved five greens for progress

The Department's efforts over the past four years have resulted in State being in the top tier of the 26 PMA agencies on the five Government-wide initiatives. In the scorecard for the First Quarter of FY 2005, we were one of only three agencies — along with Labor and Energy — with four greens and a yellow for status and five greens for progress. In the most recent scorecards for the Second and Third Quarters of FY 2005, we have maintained these scores and continue to be one of the top PMA agencies. In addition, we have also made substantial progress in the past year on the Federal Real Property Asset Management initiative.

We also have one of the best records in the Federal government in the Program Assessment Rating Tool (PART) evaluations done by OMB, with steady improvement over the 2002-2004 period as the Department went from no programs rated "effective" in 2002, the initial PART year, to 70% rated "effective" in 2004. In the most recent ratings, for Calendar Year 2004, the Department had no programs — out of 27 evaluated — that were rated either "ineffective" or "Results not Demonstrated."

This report will first look at the Department's accomplishments on the PMA initiatives to improve its operations, make it a better place for employees, and keep up the momentum on each of the initiatives. The final section of the report will discuss in detail four of the highly effective programs whose PART ratings have improved substantially between 2002 and 2004.

President's Management Agenda: State Department Accomplishments

HUMAN CAPITAL

Strong efforts on workforce planning, recruitment and diversity, increased emphasis on training, cutting edge workforce planning tools, and increased integration of human resources decision making into strategic planning and budgeting processes have improved State's human capital management.

Strategic Alignment

We actively shape the distribution of personnel and budget resources via the strategic review process chaired by the Deputy Secretary of State. We have a more capable, versatile, and highly trained complement of Foreign Service (FS) and Civil Service (CS) employees. We are able to match personnel and financial rerequirements against policy objectives better than ever before.

We created a single Departmentwide inventory of skills in 285 categories, known as "Employee Profile Plus" (EP+), for all our CS and FS personnel. Using this new tool after the tsunami, in 20 minutes we were able to identify every employee who had experience in Sri Lanka.

The State Department has lead responsibility for coordination of the USG response in failed, failing, and post-conflict situations, as well as for conflict prevention. The new Office of the Coordinator for Reconstruction and Stabilization (S/ CRS) will utilize resources such as EP+ to organize quickly the right personnel to respond to crises.

A major part of the strategic alignment of human capital is the ongoing effort to ensure that every employee understands and is evaluated based on contributions to the Department's mission, goals, and outcome.

Workforce and Succession Planning

Our Domestic Staffing Model (DSM) is a part of a comprehensive effort to improve our strategic management of human capital through an empirically based workforce planning process that allows us to identify and mitigate future skills gaps. We are also using DSM data to find more efficient means of organizing and delivering services. A methodology related to the DSM is focused on analyzing the appropriate mix of in-house and contract employees across the Department. We devised a new Career Development Plan to meet the extraordinary challenges of the coming decades. We have implemented the plan for FS Generalists, and are finalizing implementation for Specialists. At the core are four principles of performance that all employees must demonstrate over the course of their FS career. The principles are: Operational Effectiveness over a wide range of functions and geographic regions; Leadership and Management Effectiveness; Sustained Professional Language and Technical Proficiency; and Responsiveness to Service Need.



George P. Shultz National
Foreign Affairs Training Center

Training

Training has been a high priority in the Department since 2001 and continues to be so today. In FY 2004, the Department's Foreign Service Institute (FSI) provided a remarkable 40% more training than in FY 2001. Language enrollments have increased by over 70% since FY 2001. FSI has provided mandatory leadership and management training to 5,670 FS and CS employees, or 81% of the target to be trained by December 31, 2006.

Diversity

Diversity recruitment is one of the four goals of the Department's Strategic Recruitment Plan, with outreach at appropriate colleges, universities, and minority organizations and professional associations. We are attracting and hiring more minorities than ever before. In recent years, for example, minorities have comprised 21% of our entering junior officers. Targeted outreach, preparatory sessions, Diplomats-in-Residence, and one-on-one calls from Department volunteers have helped keep minority candidates in the process. Programs like our Pickering Fellowships and paid internships have also attracted diverse candidates.

Talent: Recruitment and Retention

We have implemented a Critical Needs Language program of hiring bonuses, using a language list designed to reflect current priorities. In most years the Department hires more Presidential Management Fellows than any other government agency. We have greatly expanded the Career Entry Program for recent college graduates in anticipation of the retirements of many baby boomers. We launched a mentoring program for Civil Service employees in 2003 which is very popular and highly successful.



Civil Service Mentoring Program

In recognition of the changing needs and expectations of FS families, we are reinforcing our efforts in helping family members who want to work overseas. We have implemented the Strategic Networking Assistance Program (SNAP), currently operating in 22 posts, wherein Local Employment Advisors (LEAs) help to identify employment resources in the local economies. Our new Global Employment Strategy (GES) is directed at connecting spouses with multinational companies and non-governmental organizations. We are also exploring telecommuting opportunities so that work can follow the family member and not the other way around.

We have launched a number of new programs designed to promote a more family-friendly workplace and to provide additional recruitment and retention tools for the Department. In the last year, we have made significant strides in institutionalizing and expanding the Department's Telework program, with the number of participants increasing from approximately 225 in 2004 to 1,019 currently in 2005. We will continue to look for additional means to strengthen this program. The Department's Student Loan Repayment Program sets the curve for the Federal government, with 734 beneficiaries in FY 2004 receiving an average of \$4,700 in student loan repayment in exchange for service at a hardship differential or danger pay post, or in a hard-to-fill Civil Service position.

Implementation of the Interagency Computer Aided Job Evaluation (CAJE) program is nearly complete, combining computer technology and user-friendly customer service to evaluate Foreign Service National positions in a more transparent fashion. CAJE is an integral part of our effort to provide effective, customer-focused HR management tools.

Performance Culture

Another accomplishment in the last year is the implementation of Senior Pay Reform for both the SES and SFS. The new SES performance appraisal form is now available through e-forms and the narrative description of the appraisal system has been distributed. We will continue to refine this pay-for-performance system as we analyze initial results of performance awards and performance evaluation.

In order to recognize the contributions of FS Generalists whose skills are broader than their conal career track (consular, economic, management, political, or public diplomacy), we eliminated the

former “multifunctional” promotion review for FS Generalists in favor of “Classwide Competition.” In this program every FS Generalist eligible for promotion will be reviewed by the appropriate cone-specific board as well as the classwide board. The review of the new classwide promotion board will place additional emphasis on cross-conal experience, leadership and management skills, language and professional development, and hardship service.

Knowledge Management

The number of “e-HR” services continues to grow at a rapid pace, and well ahead of most other federal agencies. Our “e-HR” project vision is to implement a fully integrated system that provides employees/managers worldwide with the tools to support the Department's human capital strategy. HR completed implementation of a project to make all American employees' official personnel folders (OPF) available online through an application referred to as eOPF, giving employees real-time access to their personnel information from anywhere in the world.

The Office of Retirement (HR/RET) is working to provide better service to its clients through the use of automation and electronic government initiatives. Employees can now receive their Personal Statement of Benefits (PSOB) online, providing near real-time data in all the annuity benefits calculations based upon current personnel and payroll information. Through the web based desktop annuity estimate calculator, employees are able to receive an instantaneous annuity (estimate) computation for retirement planning. We have also introduced a new comprehensive web-site called RNet for Retirement Services, both for retirees and current employees.

Hiring

We have revamped hiring procedures to make it easier to apply online for the Foreign Service Written Exam (FSWE) and for FSWE passers to register on-line for their oral examination date and location. Through these measures we have streamlined the FS examination and hiring time. By reducing the hiring time, we can bring in more, higher-caliber candidates and do so more efficiently.

Likewise, many interns and civil service employees now begin their hiring experience on-line. In the last year we initiated implementation of “Gateway to State,” the Department's new online application system that uses QuickHire technology. Thus far we have used Gateway to State to advertise and fill vacancies for the Iraq Reconstruction Management Office (IRMO), for our large student intern programs, and for select civil service positions. We have also laid much of the groundwork to expand use to all applicable Department job vacancies by Spring 2006.

We continue to reengineer our internal staffing processes to incorporate the 45-day hiring model for the Civil Service. To measure interim progress, a recent review of 40 announcements handled by the Office of Civil Service Personnel indicated significant progress has been made toward the 45-day goal. On average, selections were made within 37 days of the closing date of the announcement.

Human Capital

A review of 40 job announcements handled by the Office of Civil Service Personnel indicated significant progress has been made toward OPM's 45-day goal. On average, State's selections were made within 37 days of the closing date of the announcement.

ELECTRONIC GOVERNMENT

The Department made significant strides this last year to simplify, unify, and consolidate IT systems in order to improve service to employees. We successfully achieved “double Green” in the 4th Quarter of FY 2004 and have retained the green ratings since then. We:

- Collaborated with USAID on the Applied Joint Enterprise Architecture (EA), which provides a new model for interagency collaboration, not only for IT, but also for management initiatives. In March 2005 the Department submitted the “as-is” and the

“to-be” segments of the information security and telecommunications joint EA to OMB. The State-USAID joint EA team is now developing a migration plan to move from the “as is” to the “to-be” and is working to apply the joint EA methodology to additional collaboration opportunities. We anticipate that these efforts will culminate in a joint EA leading to development of joint IT projects to better support the joint mission.

- Signed 15 MOUs for PMA E-Government and Line of Business Initiatives and transferred \$1.9M to help fund these initiatives. These included GovBenefits.gov; Grants.gov; SAFECOM; Business Gateway; eRulemaking; e-Records Management; e-Training; e-Travel; Enterprise HR Integration; Integrated Acquisition Environment; Recruitment One-Stop; e-Authentication; Human Resources Management Line of Business; Financial Management Line of Business; Grants Management Line of Business). The Department hopes to achieve savings and increase efficiencies by achieving economies of scale through combined delivery of these services with other agencies to the fullest extent possible.
- Integrated the Earned Value Management System (EVMS) into the Capital Planning and Investment Control Process to help monitor cost, schedule, and performance objectives. This helped ensure that all 29 major investments costing over \$700M remained within 10% of their performance goals.
- Increased governance review of projects during the budget submission process. The number of major projects on OMB’s “at risk” list was reduced from 17 of 27 in FY 2005 to 1 of 29 in FY 2006. The remaining business case was removed from the list after an evaluation in December 2004. This achievement resulted from the E-Gov Program Board’s quarterly reviews of all major projects in which the main performance elements – cost/ schedule, performance goals and measures, security, and risk – were evaluated. The Board then took action to correct deficiencies identified and get projects back on track.
- Improved security by authorizing all Department IT systems.

In addition, the Department consolidated several network infrastructures into a centrally managed global network. This is the “first step” in regionalizing/centralizing IT processing to promote right-sizing and improve security and continuity of operations. This effort:

- Reduced cost per bit of bandwidth and improved performance and reliability by using virtual private networks (VPNs) to provide encrypted communication tunnels through the public Internet at nearly 300 sites worldwide. The improved network availability is now at 99.6%;
- Integrated State and AID unclassified networks (OpenNet and AID Net);
- Implemented Voice-over-IP on the integrated network to permit cost-effective, secure world-wide telecommunications;



- Consolidated and centrally managed software distribution and patch management; thus improving security and system stability at lower costs;
- Consolidated domestic server operations in the Enterprise Server Operations Center (ESOC); and
- Centralized backup and recovery capabilities.

Achieving e-GOV Through IT

The Department continued to implement IT initiatives to deliver services electronically to employees and the public in ways that are faster, cheaper, and more effective. These efforts support the Department's strategic goals and objectives, statutory mandates, and the IT Strategic Plan Goals Paper, which outlines the Department's IT vision — empower diplomacy with tools and information available anytime, anywhere. These initiatives included:

- **State Messaging and Archive Retrieval Toolset (SMART)** is a multi-year software development project to reengineer, centralize, and modernize the Department's messaging processes and systems. It will provide the ability to search and manage the knowledge, and archive and retrieve the information contained in the Department's more than 72 million annual messages. SMART will improve citizen access to Foreign Affairs archives; reduce messaging system resources at post and the need for paper files; improve decision-making, access to information, and information security; and assure continuity of operations through centralization with robust backup capability. The Department hopes to replace legacy systems with SMART as soon as possible, thus reducing investment in systems with no long-term future.
- **The Virtual Presence Post (VPP)** enables the Department to maintain ties with other nations without the expense of a full-time, staffed post. VPP provides a USG presence to promote investment and trade, and political, consular, cultural and educational links with other governments.
- **SECRET Internet Protocol Router Network (SIPRNet)** is the government-wide classified intranet, which provides connectivity among USG agencies. The Department uses SIPRNet as the chief means for exchanging classified information internally and with other agencies.
- **Global IT Modernization (GITM)** centrally manages replacement and modernization of classified and unclassified desktop computers, servers, network equipment, and circuits at the Department's domestic and overseas facilities on a four-year life cycle. Over the past several years IT programs have been funded to improve the Department's IT enterprise. GITM maintains and updates this infrastructure to preclude a technology backslide.
- **Enterprise Software – Licensing and Maintenance** provides enterprise licensing agreements for Microsoft and Oracle software. Benefits include cost savings, standardization, and internal efficiencies by leveraging economies of scale in software contracts. In May 2005 the Department used the Smart-Buy e-Government initiative to re-compete these licenses and achieved significant savings in the new agreements.
- **Integrated Logistics Management System (ILMS)** integrates logistics functions for worldwide requisitioning, procurement and contracting, warehouse management, transportation, personal effects movement, diplomatic pouch & mail, property management, customer support, and process management. ILMS reduces time for delivery of goods and services to posts and replaces many paper-based functions with

electronic solutions. It also reduces the administrative burden on posts, while providing for more accurate and complete financial reporting.

- **Post Administrative Suite System (PASS)** is the administrative standard for post applications and serves as the portal for deploying a common, service-oriented architecture. Data from separate applications is entered once and used multiple times as needed, thus eliminating redundancy, increasing accuracy and consistency, and improving efficiency and effectiveness of employees. Also training costs are reduced since PASS applications have a common look and feel.
- **e-Allowances** collects data on living costs abroad, quarters and danger pay allowances, and hardship differentials and computes compensation for USG employees assigned abroad. Private sector firms also use the information as a basis for compensating their employees when traveling and living abroad. E-Allowances eliminates paper submissions through an on-line web-based capability and provides per diem information in electronic file formats. Beneficiaries include overseas employees of approximately 40 USG agencies including 475,000 uniformed services members and approximately 120,000 contractors.
- **Model of Overseas Management Support (MOMS)** provides management support to staff at posts from offsite locations, especially those in dangerous and/or unhealthy locations, thus right-sizing USG overseas presence. MOMS conducts employee in-processing; collects needed data and completes forms through the Post Administrative Software Suite (PASS); organizes issuance of identification badges; prepares and sends welcome cables and other information to employees customarily provided by overseas posts; coordinates deployment processing; and manages a website for employee support. MOMS was first implemented at U.S. Embassy Baghdad. By the end of FY 2005, the Department intends to provide MOMS services to three additional posts.
- **Public Key Infrastructure (PKI) and Biometrics** utilizes digital signatures to ensure that the Department is able to communicate internally and externally with confidence that the information is secure. PKI hardware and software currently provide digital certificates to over 20,000 users domestically and at 270 overseas posts.
- **Integrated Personnel Management System (IPMS)** centralizes the HR Bureau's technical architecture, unifies hardware platforms, eliminates duplicate data entry and storage systems, and updates business applications to comply with law and regulation. It focuses on: 1) on-line management of employee information; 2) improving the five core HRM business processes: Employee Services, Personnel Information Management, Workforce Management, Personnel Policy Management, and Assignment Management; and 3) increasing information interchange and flexibility in HR's enterprise resource planning.



Kevin Rubesh, information management office in Muscat, trains Timothy Hinman on post systems

COMPETITIVE SOURCING

We have accelerated our competitive sourcing program, as evidenced by the improvement in status on the PMA scorecard from red to yellow in December 2004. We will continue our sustained focus on competitive sourcing goals to move from yellow to green. To continue our progress, we plan to:

- Complete our first standard competition for Multi-Media Services.
- Create a Green Plan (to be approved by OMB). The Green Plan will represent a robust list of forecasted competitions for future years.
- Realize economy of scale savings that can be achieved through large cross-bureau competitions.

The Department of State's approach to Competitive Sourcing efforts is based on four fundamental tenets:

- Competitions should be conducted to improve our ability to satisfy our mission through performance and cost efficiencies.
- Bureaus conducting competitions should be able to reinvest any cost savings in their own operations.
- Competitions should be conducted with a strategy to mitigate adverse impacts on employees.
- Competitive Sourcing should take into account the unique structure and mission of the Department.

We have worked to build infrastructure to use competitive sourcing effectively. Over the last 18 months we have:

- Conducted over 22 training sessions that have reached 500 State employees, managers, and procurement officials. These sessions have informed State employees of competition procedures and expectations, details of the competition processes, and new approaches to the annual Federal Activities Inventory Reform (FAIR Act) inventory.
- Formed a Department-wide Competition Council with representatives from every bureau, with meetings every other month.
- Developed with the Bureaus of Human Resources and Resource Management a "soft landing" package for our employees who might be affected by competitions.
- Developed a web-based tool to update our Federal Activities Inventory Reform Act (FAIR Act) listing of commercial and governmental functions and created a database that allows us to identify, sort, and analyze our commercial employee positions.
- Issued a memorandum from the Secretary to all Under Secretaries, Assistant Secretaries, and Executive Directors stating her expectations of the competitive sourcing program, emphasizing it is a top priority in the Department, and encouraging cross-bureau competitions.

- Established internal quarterly scorecards to rate each bureau on status and progress, using scoring criteria consistent with achieving Green Plan milestones.
- Added competitive sourcing as a requirement to bureau performance plans, starting with the FY07 plans.

Since 2003, the Department has conducted nine streamlined competitions. The resulting performance decisions from these competitions indicated that the in-house team could perform the requirements more cost-effectively in seven of these competitions, while the private sector could do this in the other two.

We have initiated a standard competition and are in the preliminary planning phase of two additional competitions, both of which received approval to move forward as standard competitions. These competitions will move the organization away from a traditional, vertically-integrated structure to one that creates flexible, interdependent relationships delivering: variable cost structures in the midterm, access to skills, reduced costs, increased customer focus, and innovation. Following is a description of two on-going standard competitions that are representative of our efforts to use competitive sourcing as a management tool to improve performance.

Human Resources Technicians (in progress) Standard Competition

Every two to four years, Foreign Service Officers transfer to another post. They must pack up, leave their current home, and arrive at another location with their family and belongings intact. They require travel orders to ship their belongings and travel to their onward assignment. Getting the process right is of vital importance to these officers and their families, many of whom are traveling to difficult and dangerous postings abroad.

Administration of travel orders can be a complex process. Travel regulations are complicated; the systems that support this process are unwieldy; the increase in workload through the Diplomatic Readiness Initiative has been notable over the last several years; and the expertise that is required in State Department regulations has stretched current capabilities. The 13-person office responsible for issuing travel orders is the Assignments Division in the Human Resources Bureau which is staffed by a combination of Foreign Service and Civil Service employees at the GS-9 and FS-4, 5 and 6 level.

Preliminary planning indicated that competition could potentially save \$1 million dollars per year, improve working conditions, and increase responsiveness to Foreign Service Officers and their families. We envision that process and technological improvements will ultimately improve the services that Foreign Service Officers receive. The competition received approval in May 2005 to move forward.

Multi-Media Services (in-progress) Standard Competition

The Administration, the Congress, and the private sector have recognized that the State Department must reach out to tell America's story to the world. One of the Department's key tools for engaging foreign audiences is print materials — books, magazines, publications of all types — as well as newer, electronic forms of publishing.

In December 2004, the State Department announced its first public-private competition for the Office of Multi-Media Services (MMS), the office that provides printing and publication services. As a service provider, MMS is a critical component of the Department's public diplomacy mission. The competition will involve approximately 200 Civil Service, Foreign Service, Foreign Service National, and contractor staff located in Washington, DC; Vienna, Austria; and Manila, Republic of Philippines.

Through this public-private competition, the Department will focus MMS capabilities in printing and publishing so that rich content can be delivered in a compelling, useful, and visually interesting way across the broadest possible array of media. To position the Department to meet its public diplomacy mission, MMS must become media agile to provide a seamless, integrated platform to over 250 embassies, missions, and consulates worldwide. We expect to reach a performance decision for this competition in June 2006.

IMPROVED FINANCIAL PERFORMANCE

State's President's Management Agenda (PMA) initiative for Improved Financial Performance received "double green" for the quarter ending December 31, 2004, and has maintained this rating since. This is a significant accomplishment considering the challenging nature of conducting financial management in our global foreign affairs environment. Moving beyond compliance-based results, our Financial Performance Green Plan documents how State currently uses financial data on a routine basis for management decision making, along with our plan to continuously expand the scope of routine data use to achieve better results.

State's financial management is far better now than four years ago as a result of the Improved Financial Performance Initiative (IFP). These results are not theoretical – they are real. We have:

- On-time financial statements that receive unqualified opinions (eight straight "clean" opinions);
- Award winning Performance and Accountability Reports (four consecutive years of receiving the Association of Government Accountant's Certificate of Excellence in Accountability Reporting, the highest form of recognition in Federal Government management reporting, and rated as one of the top 100 annual reports across all sectors);
- Financial systems and processes that substantially meet Federal requirements and allow for effective resource management and strategic decision making; and
- Sound internal controls (i.e., no material weaknesses).

The PMA produced these results through support and commitment "from-the-top," clear and consistent success criteria, and persistent measurement of progress and benefits.

Improving financial performance means that the Bureau of Resource Management (RM) knows where every dollar comes from and where every dollar goes in a timely and accurate manner. Accurate and timely information is critical to managing our programs on a day-to-day basis, obtaining the best performance, and ensuring accountability to the American public. It is also a core competency of world-class organizations. Improving financial management has allowed RM to achieve excellence in the quality and timeliness of the Department's Financial Statements and Performance and Accountability Reports, and meet the increasingly short deadlines for issuing these items as required by OMB.

For the past two decades the Department accounted for its resources through multiple outdated and disjointed legacy financial systems. Some posts effectively conducted operations through the integration of little more than a collection of Excel spreadsheets. Often it could take up to 45 days after a financial event occurred for overseas financial data to update the Department's Central Financial Management System (CFMS). Today, overseas financial information updates CFMS daily and facilitates the effective execution of our budget resources. In addition, the improved accounting for budgetary resources for recoveries in overseas operations allows our central budget shops to now have information and access to millions of dollars in funds for critical activities.

We are well on our way to installing a single, worldwide integrated financial management system that integrates and supports the Department's global fiscal activities and allows standardization of our business processes. Within the next 18 months we will complete our multi-year effort to implement the Global Financial Management System (GFMS). GFMS places State's overseas and domestic financial operations onto a common financial management software and technical platform in Charleston. Concurrently, we will move posts with operationally practical and reliable network connections (estimated at over 85% of our embassies) from their current batch processing environment to a real-time, on-line connection with GFMS. The Department's employees will have a modern web-based financial systems platform with which to carry out their fiscal duties. Our efforts in this area also provide the infrastructure for integrating other administrative activities within the Department, such as the Integrated Logistics Management System (ILMS).

GFMS is critical to the implementation of the Joint Financial Management System (JFMS) — a cooperative effort by the Department of State and the U.S Agency for International Development (USAID) to improve service and save money through collaboration on financial systems and functions. The goal of the JFMS is to create a common financial platform for State and USAID to manage all domestic and overseas financial management activities starting in FY 2006. It will improve efficiency based on economies of scale. For example, the savings on licensing costs alone will be approximately \$5 million dollars through FY 2007.

By leveraging the benefits of a more standardized, modern worldwide financial management system, the Department has streamlined and consolidated its worldwide financial operations into the Charleston Financial Services Complex. In FY 2005, RM successfully completed a multiyear effort to relocate the Paris, France and Washington, DC financial operations to our Charleston Financial Services Center. The Charleston facility provides top-notch service to customers and employees around the world. In addition, the Department's implementation of financial metrics to monitor and track financial performance has resulted in improved timeliness of vendor payments, lower prompt payment penalties, and more payments through electronic funds transfers.

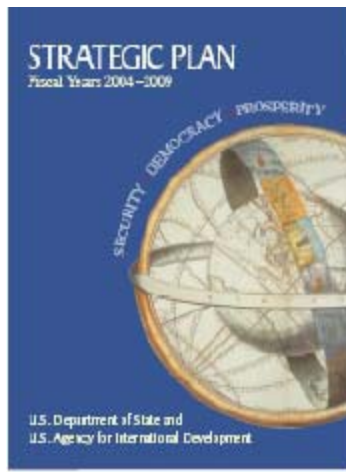
Moving beyond compliance-based results, State is expanding the scope of routine data use and metrics to achieve better performance results in the form of lower costs, improved efficiencies and/or improved outcomes for agency mission. We are continuing to expand the use of financial data to inform decision-making by Department managers. For example, each month, the IT Project Managers in the various bureaus use data from the financial management system and submit it electronically through eCPIC to the Department's eGovPMO office on actual costs incurred in the program plus providing an estimate of the percentage complete for program milestones.

BUDGET AND PERFORMANCE INTEGRATION

The Department of State has been a leader in using financial and performance information to support decision-making at all managerial levels. After two and a half years, starting from low baseline ratings of "red" for progress and status, State achieved "green" for status on Budget and Performance Integration for the quarter ending September 30, 2004. The double green for progress and status, which State has maintained since that quarter, is a significant accomplishment, considering the challenging nature of measuring foreign affairs work. Becoming more results-oriented has required some adjustment in State's internal decision-making processes, an improved information technology strategy for reporting results, and some adjustment in the organizational culture of the Department.

The foundation of the Department's performance management system is the annual State/USAID Joint Performance Plan (JPP), which was part of the FY 2006 budget plan, following the first-ever Joint State/USAID Strategic Plan. It clearly lays out our joint mission and values, the benefits of our programs to the American public, and major cross-cutting efforts. The JPP also elaborates a

coherent, hierarchical strategic planning framework, with strategic goals, performance goals linked to resources, selected initiatives/programs, selected indicators with targets, and lead bureaus and partners.



The companion piece to the JPP is State's Performance and Accountability Report (PAR). The PAR provides performance and financial information that enables Congress, the President, and the public to assess the performance of the Department relative to its strategic objectives and budget resources. The Mercatus Center of George Mason University ranked the Department of State's FY 2004 PAR as one of the two best among the 24 major U.S. Government agencies. The Mercatus criteria include transparency, public benefit, and leadership.

The Department's Mission and Bureau Performance Plans detail ambitious targets for every measure associated with initiatives and programs, and success in achieving those targets is rated every year. Program progress is discussed every year in the Senior Policy, Performance and Resource Reviews ("Senior Reviews"), chaired by the Deputy Secretary. This year, the Secretary has asked to lead five of the Senior Reviews. The Senior Reviews focus on bureau accomplishments in support of strategic objectives, strategic goals and programs of the Department and resource requirements for the current budget cycle.

The Quarterly Management Report is another valuable tool in helping bureaus track program performance, assess progress toward meeting targets, and inform resource decision-making based on performance. Linking budget with performance has allowed program managers to make improved day-to-day operating decisions.

State has submitted a new set of ambitious goals for the next year. We plan to develop a pilot Congressional Budget Justification format in coordination with OMB. Another goal is the Global Affairs Dashboard, an executive reporting tool that will allow the sharing of performance and budget data among other agencies with foreign affairs programs. It will include both program performance information and summary financial data, and serve as a knowledge management repository for PART information. We will also issue a revised Joint State/USAID Strategic Plan by July 1, 2006 that lays out U.S. foreign policy and development assistance priorities for the coming years.

A critical PMA component is the Program Assessment Rating Tool (PART). OMB developed the PART in 2002 to provide a consistent approach to rating programs across the Federal government based on a series of questions. The PART is a diagnostic tool that relies on objective data to assess and evaluate programs across a wide range of issues related to performance. It evaluates programs and resources across federal agencies using a series of in-depth questions on purpose, strategic planning, management, and results. OMB and agencies are applying this detailed analysis to increments of 20% of all federal programs each fiscal year until a 100% review is reached in the FY 2008 budget cycle. OMB has reviewed 20% of State's programs each year since the fall of 2002.

The chart below illustrates the comparison of the ratings for PART assessments conducted between 2002 and 2004, showing the dramatic increase in program ratings:

Assessment Year	% Rated Effective	% Rated Moderately Effective	% Rated Adequate	% Rated Ineffective	% Rated Results Not Demonstrated
2002 (9 programs)	0%	44%	22%	0%	33%
2003 (16 programs)	29%	53%	9%	0%	18%
2004 (27 programs)	70%	11%	15%	0%	0%

PART findings and recommendations are particularly valuable in identifying program deficiencies. The Strategic and Performance Planning Office of the Bureau of Resource Management (RM/ SPP) tracks bureau progress in addressing these recommendations quarterly and reports that progress to OMB as a component of the Department's quarterly PMA deliverables. The Department of State has increasingly used performance information and PART assessments to make decisions and improve program performance. An example is the Bureau of International Narcotics and Law Enforcement Affairs (INL) effort to incorporate performance-based benchmarks into a Letter of Agreement with the Government of Mexico for the purposes of improving counter narcotics efforts between the two countries.

The PART review process has been fully integrated into the Department's overall strategic planning and performance management system. This pioneering effort was hailed by OMB as "the model for government" and also was lauded by the Federal Technology Times. The accomplishment also resulted in State winning the prestigious President's Quality Award in December 2004. The award was one of seven from a pool of 61 nominations government-wide. The President's Quality Award honors federal organizations with exemplary records in quality management and customer service.

Integration of the PART into the automated Bureau Performance Plan (BPP) process has helped ensure that the Department's program and senior managers ask not only how well programs are performing, but also how efficiently they are performing. RM/ SPP worked assiduously with OMB in providing sound guidance to Department bureaus in developing efficiency as well as output and outcome measures. Efficiency measures have helped program and senior managers determine what results the Department is getting for each dollar PART programs spend. For example, the Department is expected to reduce the cost of refugee arrivals into the United States by \$300 per arrival between 2004 and 2005.

In addition to the integration of the PART into the BPPs, PART information captured within the PART-BPP application was also used to justify funding requests in the FY 2005 and the FY 2006 Performance Budget submissions to OMB.

The Department of State is committed to identifying and employing high quality outcome measures, accurately monitoring the performance of programs, and integrating these factors with associated costs toward the reinforcement of high-performance programs and the reform or termination of non-performing activities.

FEDERAL REAL PROPERTY ASSET MANAGEMENT INITIATIVE

Executive Order 13327, Federal Real Property Asset Management, signed in February 2004 set expectations and requirements to “promote the efficient and economical use of Federal real property resources in accordance with their value as national assets and in the best interests of the Nation . . .” E.O. 13327 states that the executive branch departments and agencies of the Federal government “shall recognize the importance of real property resources through increased management attention, the establishment of clear goals and objectives, improved policies and levels of accountability, and other appropriate action.” The order also established the Federal Real Property Council (the Council or FRPC) to facilitate the success of the government’s asset management.

The Department of State has long recognized the critical role its real property assets play in the ability to execute diplomatic and development missions both domestically and abroad. Accordingly, we have developed and implemented a highly integrated real property asset management program that addresses the planning, acquisition, management, and disposition of the organization’s real property assets.

We are proud of the progress our real property program has achieved over the past year, as evidenced by the development of our Asset Management Plan (AMP). We have established and articulated clear goals and objectives. We have promulgated policies focused on both the planning for and management of our real property assets, and we have taken the necessary steps to assign specific levels of accountability across our organizations. We have also supplemented our already established portfolio of real property management performance measures with those stipulated by the FRPC.

The Department’s efforts to improve our real property management is reflected in the most recent OMB scorecard for the Third Quarter of FY 2005, where we achieved a score of “green” for progress and “yellow” for status. This represents an improvement in both progress and status. We are creating a three-year rolling timeline for instituting the initiatives identified in our Asset Management Plan. We pledge to continue to employ the initiatives detailed in the AMP and to ensure that the “Green Standards for Success” become a baseline for effectively maintaining our portfolio of real property assets.

The following achievements provide specific examples of the State Department’s progress toward meeting the Standards of Success for real property management that have been identified by the FRPC. We have:

- Prepared a comprehensive Asset Management Plan that fully complies with the guidelines established by the FRPC. This document contains extensive discussion of the policies, methodologies and initiatives that the Department is implementing to ensure that its real estate portfolio is being managed efficiently.
- Calculated the FRPC’s First Tier Measures consistent with the requirements of the FRPC for the 15,000 properties, both domestic and overseas, in its portfolio. These measures include: Condition Index, Annual Facility Operating Costs, Mission Dependency, and Utilization.
- Improved our Real Property Application (RPA), an automated data inventory system, to support the management of U.S. Government real property. All of the new 23 data elements required by the FRPC have now been incorporated into the RPA database. RPA serves as the primary source of information for all real property holdings managed and maintained by the Department and USAID. This includes real property for all U.S. Government agencies abroad under the authority of the Chief of Mission and domestic State owned properties. RPA contains information on approximately 15,000 Government-owned and leased properties both domestically and in 265 posts worldwide. The database contains an extensive number of fields including property information, property

use, acquisition cost, construction cost, and lease information, including the current term and annual rental rate.

- Adopted a culture of accountability through the establishment of clearly defined goals that touch every function and every level of the organization. With the goal of striving to operate as a results-based organization,- each bureau within State with property management responsibilities has defined a set of performance measures with established targets that measure their financial, operating, construction and customer service performance.-

RIGHTSIZED OVERSEAS PRESENCE

While the Office of Management and Budget is the initiative owner, the State Department has been designated by OMB as the principal implementing partner for the PMA initiative on a Rightsized Overseas Presence. In addition, last year Congress mandated the creation of the Office of Rightsizing the U.S. Government Overseas (M/R) in the Department.



New Embassy Compound in Zagreb, Croatia

More and more, Chiefs of Mission (COM) are becoming cognizant of their rightsizing responsibilities. COMs are required annually to formally acknowledge their responsibility to rightsize their missions. At M/R's request, the Bureau of Resource Management modified the Mission and Bureau Performance Plans to include a requirement for posts/bureaus to discuss their rightsizing activities and accomplishments.

The last several years have been extraordinary in terms of national security imperatives to be pursued by posts abroad. These imperatives have required increased staffing to enable the vigorous pursuit of U.S. national interests. Most staffing growth overseas

is driven by agencies' desire to be responsive to their mandates and to contribute to the furtherance of U.S. national security interests in their area of responsibility and expertise.

The range of initial projected increases by missions overseas coming out of our rightsizing studies has been from 14% to 86% – U.S. direct hire and foreign national employees. The Global War on Terror, the President's Emergency Plan for AIDS Relief, and capital security construction requirements have been the most immediate drivers. Many agencies also continue to expand their presence overseas to pursue the goals of democratization and combating drug trafficking.

As this growth is driven in large part by Congressional and Presidential priorities, the agencies believe, with some reason, that the President and the Congress have approved an expansion of their overseas presence, and that neither the Chief of Mission nor the State Department has authority to interfere with those plans at that point. Neither the Office of Rightsizing nor COMs automatically accept this projected growth and in some cases have rejected agency requests.

National Security imperatives have required increased staffing to enable the vigorous pursuit of U.S. national interests. Most staffing growth overseas is driven by agencies' desire to be responsive to their mandates and to contribute to the furtherance of U.S. national security interests in their area of responsibility and expertise.

The Department is continuously involved in a rightsizing process. In the last ten years we have closed 19 posts and opened 27; since 1980, 74 posts were opened and 61 were closed, 135 posts in all; at this time we have 260 posts around the world. The Department's

staffing for individual positions at overseas missions is extraordinarily dynamic. For example, since 2000 in the region covered by the Bureau for European and Eurasian Affairs, EUR had 14.6% overall USDH staffing growth, 6.3% growth excluding Consular increases. More importantly, however, the Newly Independent States received the greatest proportion of those positions, 24.8% over the period. But even more revealing, the number of positions established and disestablished during that period were more than 40% of the total number of positions in EUR during that period.

M/R has taken the lead in working with other Department offices to get better statistics on the total U.S. Government presence overseas. The improvement in global data collection has been made possible in part by the investments the Department has made - over the last several years in IT infra structure at posts abroad. As a result of this leap in accuracy, however, the data from previous years is discontinuous; and so specific year-by-year growth numbers or percentages are difficult to compare.

M/R has provided more detailed guidance to Chiefs of Mission on the considerations they should take into account during the National Security Decision Directive 38 (NSDD 38) process. With respect to the programmatic positions requested by agencies, we have taken a very proactive stance when these positions are expressly regional in nature. In particular, in Europe, and to a lesser extent Africa, we require that agencies locate their regional positions in the new Consulate General Frankfurt facility. Chiefs of Mission have been supportive of this effort.

Our immediate goals are: to establish a standard procedure and instruction for posts to follow when conducting rightsizing exercises; to prepare a five year plan of scheduled rightsizing exercise; working in the inter-agency process to reach common definitions on rightsizing opportunities; e.g., duplication of efforts at posts, outsourcing methods and requirements; and finally, and as a result, to allow the U.S. Government to "get to green" on the PMA Rightsizing initiative.

Programs Getting Better Every Year: PART Assessments of Department Programs

As more and more of the Department's programs have been assessed using the PART, program staff and senior managers have become increasingly aware of the performance criteria they must meet, are constantly making decisions to enhance the probability of achieving them, and are evaluating program contributions toward the achievement of the Department's strategic and performance goals. Enhanced program performance through program partner involvement among individual PART programs also helps explain how the Department was able to obtain "Effective" ratings for so many of its PART programs. Other management actions taken as a result of PART findings and recommendations include rechanneling funds and implementation of best practices. The table on page 19 provides the PART scores for individual programs over this three-year period. This report will then examine four programs which have been evaluated through PART in three successive years and have achieved significantly higher ratings in Calendar Year 2004 than in Calendar Year 2002.



Somali Bantu refugees attend a cultural orientation class at Kakuma camp in Kenya in preparation for resettlement to the United States.



Members of the Bureau of Consular Affairs Domestic Operations web team check the bureau website

Department of State PART Scores and Ratings By Individual Program

Bureau	PART Program Name	CY 2002 PART Initial Score	CY2003 PART Initial + FY2003 Reassessment Score	CY 2004 PART Initial + Reassessment Score
ECA	Educational and Cultural Exchange Programs in NEA & SA	61% Results Not Demonstrated	92% Effective	98% Effective
ECA	Global Educational and Cultural Exchanges	N/A	N/A	97% Effective
OBO	Capital Security Construction Program	78% Moderately Effective	91% Effective	97% Effective
AF	Security Assistance Programs in Sub-Saharan Africa	52% Results Not Demonstrated	74% Moderately Effective	97% Effective
PRM	UNHCR	N/A	82% Moderately Effective	96% Effective
PM	Demining	N/A	87% Effective	93% Effective
CA	Visa & Consular Affairs/Border Security	71% Moderately Effective	71% Moderately Effective	92% Effective
DS	Worldwide Security Upgrades	N/A	77% Moderately Effective	92% Effective
PRM	Humanitarian Migrants to Israel	58% Adequate	72% Moderately Effective	91% Effective
IO	UNDP	N/A	69% Results Not Demonstrated	91% Effective
WHA	FMF-IMET	N/A	70% Moderately Effective	90% Effective
NP	Export Controls	N/A	N/A	90% Effective
NP	Nonproliferation & Disarmament Fund	N/A	86% Effective	89% Effective
EUR	FSA/SEED	N/A	46% Results Not Demonstrated	88% Effective
IO	Contributions for International Peacekeeping Activities	N/A	N/A	86% Effective
OBO	Regular/Asset Management Capital Construction Program	N/A	N/A	86% Effective
PRM	Refugee Admissions to the U.S.	61% Adequate	70% Moderately Effective	86% Effective
S/CT	Terrorist Interdiction Program	N/A	53% Results Not Demonstrated	85% Effective
NP	Non-Proliferation of WMD Expertise	N/A	N/A	79% Moderately Effective
WHA	ESF-WHA	N/A	N/A	71% Moderately Effective
DRL	Human Rights and Democracy Fund	N/A	N/A	67% Adequate
OES	International Fisheries Commission	N/A	N/A	59% Adequate
INL	Andean Counter drug Initiative	N/A	N/A	53% Adequate
INL	INL-WHA	N/A	N/A	52% Adequate
S/CT	Anti-Terrorism Assistance	72% Moderately Effective	85% Effective	Not Reassessed
EUR	PKO-OSCE	54% Results Not Demonstrated	83% Moderately Effective	Not Reassessed
EUR	Military Assistance to New NATO and NATO Aspirant Countries	80% Moderately Effective	Not Reassessed	Not Reassessed
Department of State Averages		65%	76%	84%

BUREAU OF EDUCATIONAL AND CULTURAL AFFAIRS: PROGRAMS IN THE NEAR EAST AND SOUTH ASIA REGIONS

The Bureau of Educational and Cultural Affairs (ECA) has worked at the forefront of efforts to increase mutual understanding and respect between the people of the United States and those of other countries for over a half century. ECA has taken measurable steps over the past three years — reaching out to strategic communities comprising youth, religious leaders, community activists, journalists, women's rights advocates, and those working for the development of tolerant civil societies. We are carrying out the advice of the 9/11 Commission: "Reach out to young people and offer them knowledge and hope."

PART Ratings

The 2004 review of the effectiveness of ECA educational and cultural programs in the Near East (NEA) and South Asia (SA) regions resulted in a score of 98 percent, putting it in the top one percent of all PART ratings in the Executive Branch. This represented a substantial improvement from the first evaluation in 2002, when this program received a PART score of 61 percent.

The PART has been a critical tool for improving ECA strategic planning, program implementation, performance measurement, and results accountability. Overall, the PART has provided us with a framework to benchmark and measure ECA activities, values and results.

Based upon OMB's recommendation that ECA use its expertise in evaluation and performance measurement to manage those activities for all public diplomacy programs, the Under Secretary for Public Diplomacy and Public Affairs created the Public Diplomacy Evaluation Council in 2004. ECA leads the Council, which includes representatives from the Bureaus of International Information Programs (IIP), Public Affairs (PA), and Resource Management (RM), the regional bureaus, and several other offices to provide a forum to develop measurement strategies and priorities and expand the evaluation capability of public diplomacy.

Partnerships for Learning (P4L)

Following September 11, 2001, the Bureau launched Partnerships for Learning (P4L), which directs ECA exchanges towards youth and youth influencers in the Arab and Muslim world to build sustainable relationships. Based on the concept that ensuring education and future opportunities for all youth is the solid common ground on which all nations and cultures can stand and work together, P4L programs reach beyond the elite cadre into younger, deeper, and wider sectors of foreign societies to provide educational opportunities for underserved youth.

P4L Youth Exchange and Study (YES) Program

To reach the critical youth audience, ECA pioneered the first U.S. government-sponsored high school program for Arab and Muslim youth, the P4L Youth Exchange and Study (YES). In the 2004-2005 academic year, more than 450 young men and women from more than 20 Muslim countries, up from 160 participants in 2003, spent an entire school year attending an American high school and living with an American family. An early assessment of the P4L YES program — based on interviews conducted before and after their American experience — shows significant increases in their understanding of America and Americans, a stronger sense of our protection of individual rights, an eye opening appreciation of America's diversity and a real sense for how individual Americans live, work and make a difference in their communities.

P4L Undergraduate Study (PLUS) Program

One of ECA's most important efforts to reach out to youth is the Partnerships for Learning Undergraduate Studies (PLUS) program. PLUS currently engages 171 university-level students from 16 countries in the Arab world, offering scholarships to outstanding students from under-represented or economically disadvantaged communities who otherwise would be unable to study in the United States. These scholarships provide for six months of English language instruction and up to 24 months of academic study toward a bachelor's degree in education, liberal arts and the social sciences. The Bureau also offers summer institutes on aspects of American civil society and democracy for educators from abroad, and provides grants to

non-governmental organizations to support citizen exchanges on such topics as conflict resolution, rule of law, public administration and much more.

Afghanistan and Iraq

After the fall of the Taliban, ECA reached out to the people of Afghanistan with programs focused on women, education and leadership. Emphasis was placed on programs that would develop skills and give authority to Afghans, thereby reinforcing other U.S. development and humanitarian efforts in Afghanistan.

After a break of nearly 25 years, ECA reestablished the Fulbright Program with Afghanistan in 2003. The first group of 16 Afghan men and women are now studying at 11 universities across the United States, including Syracuse University, the University of Oregon, and Ohio State University. ECA will bring 22 Afghans to study in the United States for the second cohort. ECA is also bringing Afghan specialists in public administration and ECA is also bringing Afghan specialists in public administration and other key fields for professional development, thereby helping teachers and education officials increase the professional capacity of primary and secondary schools in Afghanistan, reaching out to political, media and business leaders, and fostering the development of non-governmental organizations (NGOs).



Mrs. Laura Bush and then National Security Advisor Condoleezza Rice meet at the White House with Afghan women participating in an ECA exchange program

As Iraq is struggling to become a part of the world community, ECA has directed exchange programs that will help the Iraqis build a free, stable and prosperous nation. After a gap of fourteen years, the Fulbright Program was reestablished in Iraq in the fall of 2003. The first 59 Fulbrighters (25 from 2003 and 34 from 2004) from a free Iraq are now studying in the United States at over 15 institutions.

The total number of individuals from Iraq exchanged increased from 44 in FY 2003 to 221 in FY 2004. Young Iraqis participate in ECA's new high school exchange (P4L YES) (20 are planned for 2005) and new program for undergraduates (P4L PLUS), as well as attend summer institutes on U.S. society and values. Iraqi teachers and school administrators come to the U.S. for professional development. ECA is training journalists, NGO managers, civic and democratic advocates as well. The number of International Visitors will increase from 24 in 2004 to 71 in 2005.

BUREAU OF OVERSEAS BUILDINGS OPERATIONS CAPITAL SECURITY CONSTRUCTION PROGRAM

The mission of the Bureau of Overseas Buildings Operations (OBO) is to provide secure, safe, and functional facilities to the Department and other agencies to assist their overseas employees in performing their important work on behalf of the nation. OBO's work is vital; over 60,000 USG employees and their families, from 27 agencies at 265 locations overseas, directly benefit from its accomplishments.

PART Ratings

The Capital Security Construction Program has continued to demonstrate ever-improving results over the three years of PART evaluation by OMB: from an initial 78 percent in 2002 to a 97 percent in 2004. This extremely high score identifies the Capital Security Construction Program as one of the most effective programs in the Federal Government.

OMB recognized that the program demonstrates clarity of purpose, effective planning, solid program management, and a high level of performance.

Specific Accomplishments

OBO experienced a banner year in 2004, surpassing all previous accomplishments, by awarding a record \$2 billion in new work. At the end of FY 2004, OBO had \$4.7 billion worth of work under management as compared to \$0.7 billion in FY 2001: more than a six fold increase.

As of mid-FY 2005, OBO had completed 15 capital security construction projects since 2001, with most being new embassy compounds (NECs). In FY 2004, contracts for 12 capital security construction projects were awarded. During the past year, OBO successfully overcame substantial logistical challenges and completed extraordinary steps to stand up interim facilities in Baghdad on June 28, 2004 by rehabilitating the interim chancery and providing perimeter security for that facility and the annex and Chief of Mission (COM) residence.



Yerevan NEC front entrance

Where This Program Plans To Be In The Months/Years Ahead

OBO started FY 2005 with 40 new capital construction projects and 41 major rehabilitation projects in design or construction. OBO is on a path to continue replacing non-secure diplomatic compounds at a historic pace, far greater than in the Inman Program. Critical for this program is the new Capital Security Cost-Sharing Program (CSCS), which will provide increased resources and cut the projected time to complete the funding for 150 new embassy and consular compounds (NECs) from 26 to 14 years. This program allocates construction costs to those agencies with staff overseas based on the number of authorized positions and the type of space they occupy in diplomatic facilities and provides a major incentive for agencies to “rightsize” overseas staffing — an important PMA initiative. Thus far in FY 2005, OBO has completed the construction of the Sofia, Bulgaria and Yerevan, Armenia NECs and plans to complete five more capital security construction projects (and three regular capital construction projects) in the fiscal year. In FY 2006, OBO will complete 15 capital security construction projects. This performance contrasts greatly with the decade prior to 2001, when fewer than two new capital construction projects were completed on average each year. In the next few months, OBO plans to award another 14 capital security construction contracts. Over the next two fiscal years (FY 2006-2007), 24 more capital security construction projects are planned for award.

How the Capital Security Construction Program is Getting Better

As a results-based organization, OBO uses performance measurement throughout every level of the organization to confirm that its programs and performance are improving continually. Through



Abidjan NEC landscaping

innovative ideas and concepts, and by continually implementing initiatives such as the Capital Security Cost-Sharing Program (CSCS), Standard Embassy Designs (SED), Design/Build contracts, Value Engineering, and Integrated Planning and Design Reviews, OBO is able to enhance both effectiveness and efficiency in the construction of new capital facilities. Maintaining close ties with its Industry Advisory Panel and taking advantage of industry's best practices and technologies have also improved the delivery time and quality of the new facilities. Over the past few years, OBO has been able to reduce construction time on capital projects by half. This

is a vast improvement considering that large capital construction projects took between 4.5 to 5 years prior to OBO's formation in 2001 as a results-based organization. Through these initiatives

and “best practices,” OBO has been able to save enough money to build another embassy. Non-secure diplomatic compounds are being replaced at a record pace, with modern and secure diplomatic facilities delivered to posts on time and in the most efficient ways possible. Today, thousands of U.S. employees working and living in overseas facilities are safer because of our Capital Security Construction Program as well as our other programs to improve security at existing overseas facilities.

BUREAU OF CONSULAR AFFAIRS VISA AND CONSULAR SERVICES

The Bureau of Consular Affairs (CA) has no higher responsibility than safeguarding our country's citizens and borders through vigilance in the passport and visa processes. We are determined to carry out this responsibility in the best and most effective manner possible. Working closely with our interagency partners, including the Department of Homeland Security (DHS), we are providing consular officers worldwide with the policies, tools, and training to determine who is eligible for a U.S. passport and to stop questionable or problematic travelers overseas long before they ever reach the U.S. border.

PART Ratings

The CY 2004 PART score for Visa and Consular Services was 92 percent, a significant increase from the previous year's score of 71 percent. The PART evaluation cited our steps to strengthen the integrity of the visa process as contributing to the Department's policy of Secure Borders/Open Doors by continuing to welcome to the U.S. the legitimate visitors, businesspeople, students, researchers, and immigrants who enrich our society by their presence and who contribute to our economic well-being. The Bureau of Consular Affairs' Border Security program addressed PART findings and recommendations by working more closely with DHS and the FBI, in particular, on mutual goals.

Our goal since 9/11 has been to examine our visa processes from top to bottom to make them as strong a shield against terrorists and criminals as we possibly can. Below are several of CA's key programs that work toward achieving this goal.

Development of a Biometrics Collection Program For U.S. Visas

In September 2003 we began worldwide deployment of biometric visa software to collect electronically scanned fingerprints of visa applicants as part of a comprehensive document security initiative mandated by Congress. The fingerprints are matched against the DHS fingerprint database known as IDENT. When visa travelers enter the United States, their identity is verified through DHS's US-VISIT program, which matches the fingerprints of the traveler with the ones submitted to IDENT when the visa was issued, thus safeguarding against identity fraud. All 207 regular visa-adjudicating posts were on-line and collecting biometrics in advance of the October 26, 2004 deadline set in the Enhanced Border Security and Visa Reform Act of 2002. To enhance the security of immigrant documentation, we developed a Machine-Readable Immigrant Visa (MR-IV), which includes a digitized photo, and began deploying it in February 2004, with deployment completed by October of that year.



Development of a Biometric Collection Program For U.S. Passports

The inclusion of biometric identifiers in U.S. passports represents a fundamental improvement in security and identity verification that will enhance the security of international travel. Our efforts also focus on global

acceptance and interoperability. CA continues its work to implement an electronic U.S. passport that will include a contact-less chip and other security enhancements. The chip will store a digital image of the passport bearer as well as the information on the data page and machine-readable zone. We plan to begin issuing the new biometrically enabled passport in late 2005 and expect to complete the transition to this new technology in 2006. The new passport will provide American citizens with a travel document that meets or exceeds international standards for passports, assures security to the authentication of passport data and enhances the processing and verification of the identity of citizens at U.S. and foreign immigration control stations.

Training of Consular Personnel On Consular Modernized Systems

We aggressively seek and develop top-quality staff through our hiring, training, and assignment processes. Working with the Foreign Service Institute, we made major changes in consular training courses across the training continuum, enhancing training on counter-terrorism, security issues, and fraud detection. We introduced a stand-alone, two-day module on analytic interviewing in November 2003 to boost the skills of consular officers in this critical discipline. We have issued more than 80 new Standard Operating Procedures, the majority on visa processing, to ensure uniformity in procedure and to reinforce the importance of proper safeguards in visa adjudication.

Security Clearance Procedures

In FY 2004, we processed nearly 200,000 Security Advisory Opinion (SAO) requests. We invested significant money (approximately \$1 million) and time in our systems to move visa applicants more quickly through the interagency clearance process, which has, in the past, been a source of frustration and delays for students and researchers, among others. Our tremendous progress has been validated independently.

A GAO study published in February 2004 found that students and scholars who required special clearances waited an average of two months to get a visa last year. Today, 80 percent of such applicants receive their clearances within three weeks. A February 2005 GAO report showed that the average time to process a Mantis clearance, one of the six SAO clearances, was 15 days, down dramatically from 72 days in November 2003.

In the summer of 2004, CA completed development of paperless Security Advisory Opinion (SAO) processing for both nonimmigrant and immigrant software systems. The revised process includes changes to the Consular Consolidated Database (CCD) and our Nonimmigrant and Immigrant Visa processing systems, a new connection to the FBI and planned connections with other agencies involved in the SAO process. Users may create, transmit, and track SAOs from within our systems, and replies to SAOs are also received and processed within these systems. Transmission of SAO cables will still be required until all agencies are capable of receiving SAOs electronically; however, in the meantime SAO processing time has been significantly reduced. In FY 2005-2006, we will continue work on database integration with the FBI for electronic SAO and fingerprint processing and with other agencies involved in the process, with the goal of an entirely electronic process within FY 2007.

BUREAU OF POPULATION, REFUGEES, AND MIGRATION REFUGEE ADMISSIONS PROGRAM

The Administration has made the resettlement of refugees a key priority in its humanitarian and human rights agenda. The U.S. Refugee Admissions Program operated for most of its twenty-five year history offering resettlement to large numbers of refugees in large-scale operations located in a few sites around the world. During the past four years, however, the program has made dramatic and effective adaptations in response to two major challenges: fundamental changes in the nature of the caseload in the program and new security requirements in place since September 11, 2001. These two factors in combination were the principal reasons driving refugee arrivals down in FY 2002 and 2003. In FY 2004, after intense administration effort to rejuvenate

the program, there was an 87% increase in arrivals over the previous year, raising admissions to nearly 53,000. In FY 2005, we expect to admit some 55,000 and look toward continued growth in FY 2006. The President's FY 2006 budget request for the program would support up to 70,000 arrivals. The Administration has set ambitious goals for the program in each of the last three years and struggled to overcome many obstacles in attaining those goals. The recovery and revitalization of the Admissions Program has been an arduous, step-by-step process, involving major changes in how the Bureau of Population, Refugees, and Migration (PRM) coordinates with its partners and manages the process.

PART Ratings

An important measure of the revitalized admissions program is the higher number of annual refugees resettled in the United States in the past year. Another concrete measure of the program's successful recovery has been the annual PART evaluations in recent years. In CY 2002, the program received a rating of "Adequate" with a score of 61% as we labored under the immediate effects of 9/11. In CY 2003, as we began to gain ground and restore the program, our rating rose to "Moderately Effective" with a score of 70%. And in CY 2004, the program achieved a rating of "Effective" with a score of 86%. These scores reflect our success in rebuilding the program to resettle more refugees in need of international protection. We have also been able to demonstrate efficiencies and bring costs down from the immediate post-9/11 period, enabling us to bring additional refugees into the United States.

Responding to the Changed Nature of the Caseload

From the mid-1970s until the mid-1990s, at least three-quarters of refugees coming to the United States were from two principal locations — the former Soviet Union and Southeast Asia. Processing sites were few and safe: the Soviet Union, the Philippines, Thailand, Hong Kong and Indonesia readily allowed us to process refugees. Today we process refugees — a few hundred or a few thousand at a time — in nearly 50 locations. They include over 60 different nationalities. Some of these scattered processing locations are remote, and some are dangerous. State's PRM and Homeland Security's U.S. Citizenship and Immigration Services (USCIS) have collaborated to operate in all these locations while ensuring adequate safety for U.S. personnel. We have spent millions of dollars to physically relocate thousands of refugees to safer locations and to "harden" processing facilities around the world. Much of this effort has been in Africa.



Somali Bantu refugees in Kenya wearing sweatshirts from the U.S. Refugee ready to board their flight for resettlement to colder climes in the United States

A key actor in our program is the UN High Commissioner for Refugees (UNHCR), and in recent years, we've worked closely with colleagues there to make them better and more effective partners in resettlement. Three years ago, building on prior years' efforts, we significantly expanded funding for UNHCR's resettlement operations through a new program we call the Resettlement Initiative. Through the Resettlement Initiative, we have contributed more than \$18 million to UNHCR to support full-time resettlement positions in targeted locations. As a result of these efforts, we have received tens of thousands of referrals from UNHCR. In

Calendar Year 2005 we expect UNHCR to exceed our PART target and refer at least 20,500 individual refugee cases to the United States. We are also financial supporters of UNHCR's Project Profile, a database system for refugee registration that will make it easier to identify refugees for resettlement both individually and in groups.

Success in Overcoming New Security Challenges

The security environment after September 11, 2001 created major challenges for the Refugee Admissions Program, both in terms of access to refugee populations for processing and in terms of new requirements for background security checks on refugees under consideration for the

program. Both issues have required significant changes in work process and a great deal of interagency coordination.

As unpredictable security challenges have arisen in many places, PRM and USCIS have collaborated to make necessary changes to ensure the safety of U.S. personnel. This has included moving large numbers of refugees to safe venues for processing. Wherever appropriate, PRM has also funded security upgrades to provide a safer working environment for staff of PRM-funded processing centers and officers of USCIS.

New security background check procedures instituted since 9/11, after a difficult and disruptive start, have helped to streamline security processing in a meaningful way. Family reunification applications are screened by USCIS against alien file records of the “anchor relative” in the U.S. to prevent fraud and infiltration through this program. Many more refugees than in the past undergo background security checks, and the checks themselves are more extensive. Initially, these new procedures were delaying processing of refugee cases by months or even years.

Most background checks are now more automated and generally take 30-45 days to process. We are on track again to exceed our PART performance target of 70 percent of refugees moved to the U.S. within six months of DHS approval. Thus, enhanced security measures are now in place and functioning in the necessary effort to prevent would-be terrorists from gaining entry to the United States through the program. At the same time, we have developed the ability to conduct processing in ways that do not hamper the program's humanitarian goal.

Conclusion

The Department of State has accomplished much since 2001 in improving its management and programs. We have made a great deal of progress on providing Department employees in the U.S. and about 70,000 employees of the Department and over 30 other agencies at more than 260 embassies, consulates, and other missions worldwide with the tools and support they need to do their job. The President's Management Agenda has been a key part of enabling our employees to perform at a higher level. Indicative of this progress, we have some of the best scores in the Federal government on the PMA and in the PART evaluations of Department programs. Secretary Rice and her team are committed to keeping up the momentum in continuing to make the Department work better for its employees and the American people.

